

Message Text

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11
ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

AGR-20 SCEM-02 INT-08 EUR-25 ARA-16 AF-10 DOTE-00

NIC-01 DRC-01 /270 W
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R 020615Z NOV 73
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8597
USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 HONG KONG 10997

E.O. 11652: GDS
TAGS: ECRP CH XX
SUBJECT: PEOPLE'S REPUBLIC OF CHINA ECONOMIC REVIEW 22

REF: CERP 0003

POUCHED:
BANGKOK, BERN, BRISBANE, JAKARTA, KUALA LUMPUR, MANILA,
MOSCOW, RANGOON, ROME (2), SINGAPORE, TAIPEI, TOKYO,
VIENTIANE, COMUSTDC

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1. SUMMARY

THE ATMOSPHERE AT THE CANTON FAIR REMAINS FRIENDLY AND POSITIVE, WITH CHINESE OFFICIALS MORE FRANK AND RESPONSIVE THAN HERETOFORE (ITEM 2). JAPANESE PRESS REPORTS THAT PREMIER TANAKA'S PROPOSED JOINT (UK, FRANCE, US, JAPAN) COOPERATION IN DEVELOPING OIL RESOURCES IN THE EAST CHINA SEA MAY BE ONLY A TRIAL BALLOON (ITEM 3). JAPANESE OFFICIALS HAVE REPORTEDLY DECIDED UPON A SOLUTION TO THE IMPASSE BLOCKING A SINO-JAPANESE AVIATION AGREEMENT (ITEM 4). THE CHINESE MERCHANT MARINE TOTALS 2.7 MILLION TONS, 23 VESSELS OF 10,000 OR MORE TONS HAVE BEEN BUILT IN SHANGHAI SINCE 1970, AND US CARRIERS HAVE AGAIN EXPRESSED INTEREST IN HANDLING CHINA'S TRADE (ITEM 5). THE PRC HAS SIGNED TRADE AGREEMENTS WITH THE DRVN (ITEM 6) AND GUYANA (ITEM 7), AND EXPORTED 700,000 TONS OF OIL TO NORTH KOEA IN 1972 (ITEM 8). CONFIDENTIAL

2. CANTON FAIR

THE ATMOSPHERE AT THE FALL FAIR REMAINS GENERALLY UPBEAT. FAIR OFFICIALS HAVE STATED CHINESE INTEREST IN EXPANDING EXPORTS TO THE US AND SEEM INTERESTED IN KNOWING WHERE US BUSINESSMEN ARE FACING OBSTACLES TO BUYING MORE PRC GOODS (HK 10803). ONE FAIR OFFICIAL TOLD US OFFICERS THAT THE CHINESE HAD RAISED PRICES AT THE SPRING FAIR PARTLY BECAUSE CHINA HAD TO PAY MORE FOR ITS IMPORTS AND PARTLY BECAUSE WORLD MARKET PRICES WERE UP; CHINESE PRICES WILL NOW GENERALLY FOLLOW WORLD MARKET LEVELS (HK 10592). LIMITED OFFICIAL USE

3. PETROLEUM: COOPERATIVE EFFORT IN EAST CHINA SEA?

THE JAPANESE PRESS REPORTED THAT PRIME MINISTER TANAKA HAS PROPOSED THAT UK, FRANCE, JAPAN AND THE US COOPERATE WITH THE PRC IN DEVELOPING EAST CHINA SEA OIL RESOURCES. A FONOFF SOURCE SAID TANAKA HAD RAISED THE GENERAL SUBJECT WITH PRIME MINISTER HEATH BUT COMMENTED THAT THE PRESS STORY IS A CONFIDENTIAL

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TRIAL BALLOON LAUNCHED BY BUSINESSMEN WHICH THE PRC IS ALMOST CERTAIN TO PUNCTURE (TOKYO 13420). LIMITED OFFICIAL USE

4. AVIATION: JAPAN, SWITZERLAND

PRIME MINISTER TANAKA SAID DURING A TV INTERVIEW OCT 24 THAT JAPAN WISHED TO CONCLUDE AN AVIATION AGREEMENT WITH CHINA BEFORE THE END OF THE YEAR BUT HAS NO INTENTION OF SEVERING AVIATION RELATIONSHIPS WITH TAIWAN (REUTER TOKYO, OCT 24). THE JAPANESE PRESS REPORTED SUBSEQUENTLY THAT THE JAPANESE FOREIGN MINISTRY AND TRANSPORT DEPARTMENT DECIDED OCT 27 ON A WAY AROUND THE IMPASSE BLOCKING SINO-JAPANESE AGREEMENT ON AIR SERVICES. THE SOLUTION IS TO ESTABLISH A SUBSIDIARY OF

JAL TO TAKE OVER THE TAIWAN ROUTE, LEAVING JAL FREE TO FLY
TO CHINA; CHINESE PLANES WOULD USE TOKYO'S NEW NARITA AIRPORT
WHEN COMPLETED, PLANES FROM TAIWAN WOULD CONTINUE TO USE THE
OLD AIRPORT AT HANEDA (AP DISPATCH IN CHINA MAIL, OCT 29).
UNCLASSIFIED

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 ARA-16 AF-10 AID-20 COME-00

EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 AGR-20 SCEM-02 INT-08 DOTE-00 NIC-01

DRC-01 /245 W

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R 020615Z NOV 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8598

USLO PEKING

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COMMENT: THE GOJ HAS BEEN IN A QUANDRY OVER THIS
ISSUE, AND A GOJ DECISION IS ANTICIPATED BEFORE FONMIN OHIRA
VISITS PEKING (TOKYO 13712). WHETHER ABOVE REPRESENTS
BASIS FOR BREAKING IMPASSE REMAINS TO BE SEEN. CONFIDENTIAL
A CIVIL AVIATION DELEGATION LEFT PEKING OCTOBER 28
FOR A "FRIENDLY VISIT" TO SWITZERLAND AT THE INVITATION OF
THE SWISS FEDERAL COUNCIL. THE CHINESE AMBASSADOR TO
SWITZERLAND IS LEADER OF THE DELEGATION; THE DEPUTY LEADER
IS LIU MING, DEPUTY DIRECTOR OF THE INTERNATIONAL DEPARTMENT
OF THE GENERAL ADMINISTRATION OF CIVIL AVIATION OF CHINA
(CAAC) (NCNA, OCT 28). THE SWISS GOVERNMENT HOPES TO REACH
AGREEMENT NEXT WEEK ALLOWING SWISSAIR TO OPEN A ZURICH-
PEKING SERVICE(CHINA MAIL, OCT 31).

5. SHIPPING: MERCHANT MARINE; SHIPBUILDING; US
CHANG KUNG CH'EN, GENERAL MANAGER OF THE CHINA OCEAN
SHIPPING COMPANY AND CONCURRENTLY GENERAL MANAGER OF THE
CHINA NATIONAL CHARTERING CORPORATION, TOLD JAPANESE JOURNAL-
ISTS RECENTLY THAT CHINA HAS 260 TO 270 OCEAN GOING MERCHANT
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SHIPS TALLING GROSS 2.7 MILLION TONS, CAPABLE OF HANDLING ROUGHLY ONE-THIRD OF CHINA'S FOREIGN TRADE. CHINA'S SEAMEN ARE INADQUATE IN NUMBER AND TRAINING, AND PORT CONGESTION FREQUENTLY CAUSED DELAYS IN HANDLING CARGO. CHINA'S LEADERS

HE SAID, ARE FULLY AWARE OF DEFICIENCIES, AND STEPS ARE BEING TAKEN ACCORDINGLY (HK TA KUNG PAO, OCT 28). UNCLASSIFIED COMMENT: THIS IS AN UNUSUALLY FRANK AND REVEALING DESCRIPTION. THE ESTIMATE OF TOTAL TONNAGE IS CONSISTENT WITH INTELLIGENCE REPORTS AVAILABLE TO THE CONGEN. CONFIDENTIAL ACCORDING TO A DISPATCH FROM SHANGHAI, 23 OCEAN GOING

VESSELS OF 10,000 OR MORE TONS HAVE BEEN BUILT THERE SINCE EARLY 1970. CONSTRUCTION HAS BEEN ACCELERATED: IT TOOK 76 DAYS TO BUILD THE 25,000 TON "CHENGCHOW," BUT ONLY 45 DAYS TO BUILD THE "CHINCHOW," ALSO 25,000 TONS, LAUNCHED IN EARLY 1973 (HK WEN WEI PAO, OCT 24). UNCLASSIFIED A SEA-LAND EXECUTIVE LEFT HONG KONG OCTOBER 25 FOR PEKING WHERE HE ANTICIPATED DISCUSSIONS WITH PRC OFFICIALS TDENCERNING THE POSSIBILITY OF EXPANDING THE ROLE OF HONG KONG AS TRANSSHIPMENT POINT FOR US-CHINA TRADE (HK 10710; ER 14, HK 7104). OFFICIALS OF ANOTHER US FLAG CARRIER INFORMED THE CONGEN OF THEIR INTEREST IN MAKING DIRECT CALLS AT PRC PORTS. THEY SAID THAT CHARTER RATES ARE SO HIGH THAT US FLAG CARRIERS NOW HAVE A GOOD OPPORTUNITY TO PARTICIPATE IN DIRECT TRAFFIC (HK 10696). CONFIDENTIAL

6. DRV: TRADE AND AID AGREEMENTS, 1974

AN AGREEMENT ON 1974 TRADE AND PAYMENTS, AND TWO PROTOCOLS COVERING CHINESE SUPPLY TO THE DRV OF "GENERAL GOODS" AND "CTMPLETE PROJECTS," WERE SIGNED INPEKING OCT 19. LI CHIANG, NEWLY IDENTIFIED CHINESE MINISTER OF FOREIGN TRADE, SIGNED THE FIRST TWO; HAN TSUNG-CHENG, PRC VICE MINNYJ SXQ ECONOMIC RELATIONS WITH FOREIGN COUNTRIES, SIGNED THE THIRD; NGUYEN CHANH, DRVN MINISTER OF FOREIGN TRADE, WHO HAD BEEN IN PEKING SINCE JULY 31, SIGNED ALL THREE (NCNA, OCT. 19, 22). AS USUAL, NO DETAILS OF THESE ANNUAL AGREEMENTS WERE GIVEN (HK 10598). LIMITED OFFICIAL USE

7. GUYANA: TRADE AGREEMENT

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AN AGREEMENT COVERING TRADE FOR 1974 WAS SIGNED IN PEKING AND THE GUYANA DELEGATION, LED BY GEORGE KING, MINISTER OF TRADE, LEFT PEKING OCT 25(NCNA, OCT 25). UNCLASSIFIED

8. NORTH KOREA: PRC SCIENTIFIC DELEGATION; OIL

A CHINESE DELEGATION LEFT PEKING FOR PYONGYANG OCT.

18 TO ATTEND THE 14TH SESSION OF THE SINO-KOREAN COMMITTEE FOR SCIENTIFIC AND TECHNICAL COOPERATION. THE DELEGATION LEADER IS SUN HSIAO-FENG, CHAIRMAN OF THE CHINESE SECTION OF THE COMMITTEE AND VICE MINISTER OF FUEL AND CHEMICAL INDUSTRIES(NCNA, OCT 18). UNCLASSIFIED

A NORTH KOREAN SOURCE HAS INDICATED THAT THE DPRK IMPORTED 700,000 TONS OF CRUDE OIL FROM THE PRC IN 1972 (PEKING 1284). CONFIDENTMT

9. JAPAN: MORE DELEGATIONS

A DELEGATION OF THE PEOPLE'S INSURANCE COMPANY OF CHINA, LED BY GENERAL MANAGER KENG TAO-MING, LEFT PEKING OCT 20 FOR JAPAN; HOSTS: JAPAN ASSOCIATION FOR PROMOTION OF INTERNATIONAL TRADE; MARINE AND FIRE INSURANCE ASSOC. OF JAPAN (NCNA, OCT. 20). A CHINESE PORT FRIENDSHIP DELEGATION, LED BY LI HUA-PIN, DIRECTOR OF TIENTSIN PORT ADMINISTRATION, LEFT FOR JAPAN OCT. 21; HOST: MAYOR OF OSAKA (NCNA, OCT. 22). A JAPANESE TRADE UNION DELEGATION ARRIVED IN PEKING (NCNA, OCT. 22). A CHINESE BROADCASTING AND TELEVISION DELEGATION, WHICH HAD INSPECTED RADIO AND TV STATIONS IN TOKYO, OSAKA AND ELSEWHERE DURING ITS 17 DAY VISIT, LEFT TOKYO FOR HOME OCT. 30. THIS DELEGATION WAS LED BY LU KE-CHIN, DEPUTYHEAD OF THE TECHNICAL DEPARTMENT OF THE CENTRAL BROADCASTING ADMINISTRATION (NCNA, OCT. 30). UNCLASSIFIED

10. OTHERS: SEDEN, BURUNDI, ARGENTINA, PERU

A SWEDISH INDUSTRIAL DELEGATION, LED BY HRH PRINCE BERTIL, ARRIVED IN PEKING OCTOBER 26 AT THE INVITATION OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE (CCPIT) (NCNA, OCT. 26).

THE TRADE DELEGATION FROM BURUNDI LEFT PEKING FOR HOME OCTOBER 25(NCNA). NO AGREEMENT ON EITHER AID OR TRADE WAS REPORTED.

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A CHINESE DELEGATION IN ARGENTINA TO NEGOTIATE A TRADE AGREEMENT CALLED ON FONMIN VIGNES AND PRESIDENT PERON (NCNA, OCT. 19, 20).

PERU'S VICE MINISTER OF FISHERIES PADRO MAZURE LOPEZ LEFT PEKING OCTOBER 24 (NCNA, OCT. 24). UNCLASSIFIED

11. RECENT REPORTS ON ECONOMIC TOPICS

HK 10402 SINO-CANADIAN AGREEMENTS ON TRADE AND SCIENTIFIC EXCHANGES

10591 EXPORT COMMODITIES FAIR OPENS IN CANTON

10592 CANTON FAIR OFFICIAL COMMENTS ON THE FAIR AND PRC FOREIGN TRADE

10678 US-MBIMA CHAMBER OF COMMERCE AT CANTON FAIR

10696 DIRECT SERVICE TO CHINA BY US FLAG LINES

10710 SEA-LAND OFFICIAL TO VISIT PEKING

10719 STEEL SCRAP SALE TO PEKING
10802 COCA COLA AND SEVERAL US OIL FIRMS RECEIVE
INVITATIONS TO CANTON
10803 FIRST TWELVE DAYS OF THE FALL 1973 CANTON TRADE
FAIR
10862 PRC ECONOMIR ASSESSMENT
HK A-290 CHANGES IN CAAC SCHEDULES BETWEEN CANTON AND
PEKING
A-293 CHINA' SMERCHANT MARINE: 2.7 MILLION TONS.
OSBORN

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Message Attributes

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TAGS: ECRP, CH, XX
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PEKING
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